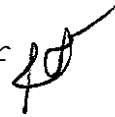


# Memorandum

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FEDERAL MARITIME COMM

TO : Bryant L. VanBrakle, Secretary      DATE: January 8, 2004  
FROM : Rebecca F. Dye, Commissioner 

SUBJECT : Petition Numbers P3-03, P5-03, P7-03, P8-03 and P9-03.

On January 8, 2004; I met with Mr. John Reeve, President of Reeve & Associates, Mr. David Cook of the law firm Shea & Gardner, as well as Mr. Eric Swett and Mr. Robert Sappio of APL Limited at their request to receive their views on the above referenced petitions to the Federal Maritime Commission (FMC). The five petitions request that the Commission take various actions regarding non-vessel operating common carrier (NVOCCs), service contracts, and tariff publication. Ed Lee, my counsel, was also present at the meeting.

Mr. Sappio, Senior Vice President Transpacific Trade for APL, described his company's business interests which include one of the largest ocean vessel operators in the world, a worldwide logistics subsidiary, and a maritime terminal operator. APL also operates U.S.-flag vessels that are available to assist the United States for national security purposes. Currently, APL has invested \$3.2 billion in maritime assets.

Mr. Sappio stated his company's strong opposition to the above petitions in their current forms. He believes these petitions, if granted by the Commission, could gravely harm his company and reduce U.S. sealift capacity. Mr. Sappio indicated that NVOCCs have an advantage over APL Limited since these companies do not have to make large investments in maritime assets. Mr. Sappio does not believe that APL Logistics has a competitive advantage over other NVOCCs. He *says* that APL Limited and APL Logistics are different companies. APL Logistics must pay APL Limited the market rate for ocean transportation. Mr. Sappio ended the meeting by saying that the transpacific trade has been very strong and is expected to grow by 10 percent during 2004.

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